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CANADIAN
CAR & FOUNDRY
COMPANY
LIMITED

ELEVENTH
ANNUAL
REPORT
✓ 1920 ✓

Estate of the late
Sir Edward Beatty

COMMERCE

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MONTREAL - CANADA

McGILL UNIVERSITY

**CANADIAN
CAR & FOUNDRY
COMPANY
LIMITED**

**ELEVENTH
ANNUAL
REPORT
✓ 1920 ✓**

MONTREAL - CANADA

CANADIAN CAR & FOUNDRY COMPANY, LIMITED

♦ ♦

BOARD OF DIRECTORS

W. F. ANGUS, MONTREAL	V. M. DRURY, MONTREAL
HON. C. P. BEAUBIEN, SENATOR, MONTREAL	ANDREW FLETCHER, NEW YORK
H. W. BEAUCLERK, MONTREAL	A. HICKS LAWRENCE, NEW YORK
W. W. BUTLER, MONTREAL	WM. MCMASTER, MONTREAL
HON. N. CURRY, SENATOR, MONTREAL	HON. E. C. SMITH, ST. ALBANS, VT.
F. H. CLERGUE, MONTREAL	W. H. WOODIN, NEW YORK
LEWIS L. CLARKE, NEW YORK	MARK WORKMAN, MONTREAL

♦ ♦

OFFICERS

HON. N. CURRY, *Chairman of the Board*

W. W. BUTLER, *President*

W. S. ATWOOD, *Vice-President* D. P. LAMOREUX, *Vice-President*

A. D. NEALE, *Vice-President* A. WHYTE, *Vice-President and*

A. C. BOURNE, *Secretary* *Treasurer*

L. A. PETO, *Comptroller*

♦ ♦

SOLICITORS

DAVIDSON, WAINWRIGHT, ALEXANDER & ELDER, MONTREAL

♦ ♦

BANKERS

BANK OF MONTREAL THE ROYAL BANK OF CANADA

THE AMERICAN EXCHANGE NATIONAL BANK, NEW YORK

♦ ♦

GENERAL OFFICES

TRANSPORTATION BUILDING, MONTREAL

CANADIAN STEEL FOUNDRIES LIMITED

♦ ♦

BOARD OF DIRECTORS

HON. C. P. BEAUBIEN	W. W. BUTLER	H. W. BEAUCLERK
W. F. ANGUS		V. M. DRURY

OFFICERS

W. W. BUTLER, <i>President</i>	
W. S. ATWOOD, <i>Vice-President</i>	D. P. LAMOREUX, <i>Vice-President</i>
A. D. NEALE, <i>Vice-President</i>	A. WHYTE, <i>Vice-President and Treasurer</i>
A. C. BOURNE, <i>Secretary</i>	L. A. PETO, <i>Comptroller</i>

♦ ♦

THE PRATT & LETCHWORTH COMPANY, LIMITED

BOARD OF DIRECTORS

HON. C. P. BEAUBIEN	W. W. BUTLER	V. M. DRURY
W. F. ANGUS	H. W. BEAUCLERK	A. WAINWRIGHT, K.C.

OFFICERS

W. W. BUTLER, <i>President</i>	
W. S. ATWOOD, <i>Vice-President</i>	D. P. LAMOREUX, <i>Vice-President</i>
A. D. NEALE, <i>Vice-President</i>	A. WHYTE, <i>Vice-President and Treasurer</i>
A. C. BOURNE, <i>Secretary</i>	L. A. PETO, <i>Comptroller</i>

♦ ♦

AGENCY OF CANADIAN CAR & FOUNDRY COMPANY, LIMITED

DIRECTORS

HON. N. CURRY	W. F. ANGUS	W. W. BUTLER
HON. C. P. BEAUBIEN		H. W. BEAUCLERK

OFFICERS

HON. N. CURRY, <i>President</i>
W. W. BUTLER, <i>Vice-President</i>
A. C. BOURNE, <i>Secretary and Treasurer</i>

Canadian Car & Foundry Company, Limited
and Canadian Steel Foundries, Limited
and other Associated Companies

♦ ♦

CONSOLIDATED STATEMENT OF SURPLUS AND
PROFITS SEPTEMBER 30, 1920

♦ ♦

Combined Profits for the Fiscal Year ending September 30, 1920.. \$1,515,712.45

DEDUCT:

Provision for Depreciation..... 516,800.00

Profits before charging Interest. \$ 998,912.45

DEDUCT:

Interest on Bonds Outstanding..... \$477,025.39

Less: Interest on Investments, Bank Bal-
ances, etc..... 17,510.26

459,515.13

Profits for the Fiscal Year, subject to Government Taxes..... \$ 539,397.32

Surplus September 30, 1919, after deduction of Government Taxes
to September 30, 1918; adjustments in respect of the liquid-
ation Rhodes Curry Company, Limited and Standard Steel
Company, Limited, and further settlements of Russian Shell
Contract Claims.

6,360,456.10

\$6,899,853.42

DEDUCT:

Dividends Paid Preference Stock:

Current Fiscal Period 7%..... \$525,000.00

On Account of Arrears 1½%..... 131,250.00

656,250.00

Surplus carried forward September 30, 1920, subject to Govern-
ment Taxes, for the years 1919 and 1920 \$6,243,603.42

CANADIAN CAR & FOUNDRY AND CANADIAN STEEL FOUNDRIES, LIMITED

CONSOLIDATED BALANCE SHEET

ASSETS

COST OF PROPERTIES:

Real Estate, Buildings, Machinery, Patents and	
Goodwill, as at September 30, 1919.....	\$22,373,964.19
Additions during Fiscal Year—Net.....	580,240.99
	<u>\$22,954,205.18</u>

CURRENT ASSETS:

Inventories of manufactured and partly manu- factured product, materials and supplies, at cost.....	\$14,788,960.92
Accounts and Bills Receivable (Less Reserve)....	4,105,888.41
Temporary Investments—Bonds and other Secu- rities.....	1,339,620.77
Cash in Bank.....	485,713.71
	<u>20,720,183.81</u>

DEFERRED CHARGES:.....	154,561.97
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\$43,828,950.96

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have examined the Books and Accounts of the Canadian Car & Foundry Company, Limited, and its Subsidiary Companies, for the year ending September 30, 1920, and have obtained all the information and explanations which we required. The inventory at September 30, 1920, consisting principally of materials purchased for specific car orders, has been prepared from the book records and has been valued at cost. And we certify that, in our opinion, the above Balance Sheet at September 30, 1920, is properly drawn up so as to exhibit a true and correct view of the state of the combined affairs of the Canadian Car & Foundry Company, Limited, and its Subsidiary Companies, according to the best of our information and the explanations given to us, and as shown by the Books of the Companies.

MONTREAL, November 30, 1920

PRICE, WATERHOUSE & CO.,
Auditors.

COMPANY, LIMITED
AND OTHER ASSOCIATED COMPANIES
SEPTEMBER 30, 1920

LIABILITIES

CAPITAL STOCK:

Preference: Seven per cent cumulative and participating:	
Authorized and Issued—75,000 Shares of \$100 each.....	\$ 7,500,000.00
Ordinary:	
Authorized—50,000 Shares of \$100 each.....	\$5,000,000.00
Issued —49,750 Shares of \$100 each.....	<u>4,975,000.00</u>

BONDED DEBT:

Canadian Car & Foundry Company, Limited:	
First Mortgage Thirty Year Six Per Cent Sinking Fund Gold Bonds, due 1939 (Authorized \$7,500,000).....	\$6,275,000.00
Less: Redeemed by Sinking Fund 1,246,853.20	<u>5,028,146.80</u>

Canadian Steel Foundries, Limited:	
First Mortgage Collateral Trust Bonds Six Per Cent, due 1936 (Authorized \$5,000,000).....	\$3,650,000.00
Less: Bonds held in escrow by Montreal Trust Company towards redemption of Montreal Steel Works Limited Bonds..	704,596.01
	<u>\$2,945,403.99</u>
Less: Retired by Sinking Fund...	820,228.00
	<u>2,125,175.99</u>

First Mortgage Six Per Cent Gold Bonds, due 1940, of the Montreal Steel Works Limited..	604,500.00
	<u>7,757,822.79</u>
MORTGAGE on Craig Street Property.....	<u>100,000.00</u>

CURRENT LIABILITIES:

Bank and other Loans secured.....	\$ 5,250,000.00
Accounts and Trade Bills Payable and Payrolls.....	6,714,230.06
Interest Accrued.....	124,122.15
Dividend Payable Oct. 9, 1920.....	131,250.00
	<u>12,219,602.21</u>

RESERVES:

Depreciation Reserves.....	\$ 4,078,054.67
Special Reserve Fund.....	500,000.00
Operating and Miscellaneous Reserves.....	454,867.87
	<u>5,032,922.54</u>

Surplus, as per attached statement, subject to Government Taxes.....	<u>6,243,603.42</u>
	<u><u>\$43,828,950.96</u></u>

NOTE.—Accumulated Arrears of Preference Share
 Dividends 22 $\frac{3}{4}$ per cent.

L. A. PETO,
Comptroller.

Approved on behalf of the Board:
 V. M. DRURY, Director.
 MARK WORKMAN, Director.

ELEVENTH ANNUAL REPORT

YEAR ENDED SEPTEMBER 30

1920

♦ ♦

To the Shareholders:

Your Directors submit herewith the Eleventh Annual Report, covering the operations of the Company for the fiscal year which ended September 30, 1920.

The aggregate output of the combined Companies amounted to approximately \$27,000,000, as compared with \$33,000,000 for the preceding year. After charging operations with the cost of maintenance of all plants as well as depreciation and interest on outstanding bonds, and after making proper provision for all known contingencies of the nature of bad debts, rebuilding of furnaces, etc., there remains, subject to Government taxes, a profit for the year of \$539,397.32, as compared with the profit for the preceding year of \$1,887,634.70.

The business done during the year was all in the regular lines of the Company's products, but, in explanation of the comparatively small profit shown, your Directors have to point out that, in common with all other Companies engaged in the manufacture of products into which iron and steel largely enters, business was carried on during the year under most difficult conditions. In addition to internal labor difficulties, the congestion in the American steel mills which followed the strikes in the United States early in the year, together with American railroad embargoes, retarded in a most serious way the output of your Companies, and at no time during the year were your plants able to operate to anything approaching capacity owing to shortage of materials necessary to complete the orders received.

As stated in the previous report, the outlook at the commencement of the year was uncertain, and the high cost of labor and materials caused the 1920 equipment programme of the Canadian

railroads to be considerably delayed and eventually greatly curtailed. In order, therefore, to keep the various plants operating during the earlier months of the year, your Directors undertook substantial contracts for repairs to cars at a relatively low margin of profit.

Retarded operations caused by delay in the receipt of materials was especially responsible for the accumulation of large inventories and for the increase in current liabilities. This condition of affairs, however, is but temporary, and the execution of the business remaining unfilled at the close of the year will, it is considered, satisfactorily restore the liquid capital of the Company and materially strengthen its resources.

The value of the orders unfilled at the termination of the year amounted to approximately \$26,000,000, as compared with approximately \$8,500,000 at the close of the preceding year. This large amount of unfilled business practically makes certain a steady output for some time ahead, and taking into consideration improved labor conditions and the fact that the bulk of the materials necessary is now on hand, your Directors are hopeful that the results for the ensuing year will prove satisfactory. The outlook for future business is encouraging. Although financial conditions may delay the placing of orders, there is admittedly a serious shortage of equipment on Canadian railways, and your Directors are not neglecting export possibilities.

The various plants have been maintained at full efficiency during the year, and in connection with the Steel Foundries some important alterations have been carried out, which should have a favorable bearing on future earnings. Several new branches of work incidental to car building have also been undertaken which, it is considered, will add materially to the earnings of your main producing Company.

With regard to the Russian shell contracts, your Directors are glad to be able to report that, as a result of further settlements made throughout the year, the final adjustment of all matters at issue on a satisfactory basis has been brought considerably nearer.

During the year your Directors have completed the liquidation of the Standard Steel Company, a subsidiary company which was acquired solely in connection with munition requirements of the

Canadian Government. The Rhodes Curry Company, Limited, another subsidiary company, has likewise been liquidated. The operations of this company were quite distinct from and had no bearing on those of the parent Company, and, after careful consideration, your Directors decided that the capital involved could be better employed. Advantage was therefore taken of a favorable opportunity to dispose of this particular business.

Your Directors regret to report the death of Mr. K. W. Blackwell, Director, and formerly Vice-President of your subsidiary company, the Canadian Steel Foundries, Limited, who died June 11th, 1920. Mr. Blackwell was identified with the steel foundry business from its inception and his sound judgment and wide experience will be greatly missed.

Your Companies also suffered loss by reason of the death of Mr. Peers Davidson, K.C., senior member of the firm of Davidson, Wainwright, Alexander & Elder, your Company's legal advisers, who died July 19th, 1920. Mr. Davidson was associated with your Companies in his legal capacity from their incorporation, and displayed great ability on many occasions in connection with his work on your behalf.

Your Directors again express their appreciation of the loyal services performed during the year by their employees.

For the Directors,
W. W. BUTLER,
President.

*November the Eighteenth
Nineteen Hundred and Twenty.*

